

Message Text

UNCLASSIFIED

PAGE 01 MONROV 04408 161720Z

ACTION AF-10

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
DODE-00 EB-08 DOE-15 H-02 INR-10 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 ICA-20 OES-07 SP-02
SS-15 STR-07 TRSE-00 ACDA-12 DOEE-00 DOTE-00
FAA-00 CAB-05 /141 W

-----102744 161852Z /72

P 161645Z JUN 78

FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC PRIORITY 9744

INFO USDOC WASHDC

UNCLAS MONROVIA 4408

E.O. 11652: N/A

TAGS: BDIS, LI

SUBJECT: DISPUTE BETWEEN GOL AND AFRICA OIL CORP. OVER PURCHASE
OF REFINED PRODUCTS

1. CHARGE RECEIVED ON JUNE 14 FOLLOWING CABLE FROM AFRICA OIL CORP.:
QUOTE WE ARE AN AMERICAN BASED OIL TRADING COMPANY WHO HAVE
ENTERED INTO A CONTRACT WITH THE GOVT OF LIBERIA TO DELIVER 3
CARGOES OF MIXED PETROLEUM PRODUCTS. THE FIRST CARGO HAS ALREADY BEEN
DELIVERED BY VESSEL ST KATHERINEN WHICH ARRIVED MONROVIA JUNE 2,
1978. THE CONTRACT WAS NEGOTIATED AND CONFIRMED BY TELEX COMMUNICATION

BY THE MINISTRY OF COMMERCE, INDUSTRY AND TRANSPORTATION.
HOWEVER THEY HAVE NOW BACKED OUT OF OUR CONTRACT FOR THE REMAIN-
ING TWO CARGOES. THE FOLLOWING WILL GIVE YOU SOME BACKGROUND
INFORMATION. THE REMAINING DELIVERY SCHEDULE IS:

GASOLINE 5000 MT IN JUNE AND 5000 MT IN JULY
JET FUEL 4000 MT IN JUNE AND 4000 MT IN JULY
GASOIL 11,000 MT IN JUNE AND 8000 MT IN JULY
THE UNIT PRICES ARE GASOLINE USD 147.20/MT
JET FUEL USD 143.95/MT

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MONROV 04408 161720Z

GASOI USD 136.70/MT
THE OUTSTANDING VALUE OF THIS CONTRACT EXCEEDS 5.2 MILLION
DOLLARS. WE HAVE ALREADY PURCHASED THIS MATERIAL WHICH IS NOW
SITTING IN STORAGE AWAITING SHIPPING INSTRUCTIONS. SINCE THE
DATE THE GOVT OF LIBERIA ENTERED INTO OUR CONTRACT OF MAY 15 AND
16, 1978, AND TODAY, THE MARKET PRICES HAVE FALLEN AND THE GOVT
OF LIBERIA WAS ABLE TO BUY MATERIAL CHEAPER ELSEWHERE. UPON

CONFERRING WITH OUR ATTORNEYS THEY HAVE ASCERTAINED WE HAVE A BINDING VALID CONTRACT THAT WOULD STAND UP IN ANY COURT OF LAW. HOWEVER AT THIS POINT IN TIME WE ONLY WISH TO RESORT TO LEGAL ACTIONS AS A LAST RECOURSE BUT ONE NEVERTHELESS WE WILL RESORT TO IF NECESSARY. IN THIS REGARD WE WOULD APPRECIATE IF THE AMERICAN EMBASSY COULD INTERCEDE ON OUR BEHALF WITH THE GOVT OF LIBERIA. THE GENTLEMEN WHO WE HAVE BEEN IN CONTACT WITH ARE MINISTER DAVID MOORE AND ASST MINISTER I. SHERIFF AT THE MINISTRY OF COMMERCE, INDUSTRY AND TRANSPORTATION. PLS STRESS UPON THE APPROPRIATE PEOPLE THAT THE GOVT OF LIBERIA CANNOT ENTER INTO CONTRACTS AND WITHDRAW TO BENEFIT THEMSELVES WHEN THE MARKET CHANGES. THESE PURCHASES WERE MADE BY US AT PREVAILING MARKET PRICES AND IF WE SOLD ELSEWHERE TODAY ON THE SPOT MARKET WE WOULD HAVE TO INCUR SUBSTANTIAL LOSSES WHICH WILL HAVE TO BE PASSED INTO THE GOVT OF LIBERIA IF THEY DO NOT LIVE UP TO THEIR CONTRACT OBLIGATIONS. WE HAVE PUT THEM ON NOTICE THAT WE MUST HAVE THEIR SHIPPING INSTRUCTIONS BY JUNE 15, 1978. IF YOU CANNOT INTERCEDE ON OUR BEHALF WE WOULD APPRECIATE YOUR RECOMMENDATING AN ALTERNATE EFFECTIVE SOURCE OF CONTACT WITH WHOM WE MAY TAKE THIS MATTER UP WITH. YOURS TRULY S. HANZEL AFRICA OIL CORP. UNQUOTE.

2. SINCE CHARGE HAD PREVIOUS COMMITMENT, E/C COUNSELOR MET WITH MINCOM DAVID MOORE AND ASS'T MIN SHERIFF JUNE 15. SUBSTANCE OF PARA 1 WAS REPEATED TO MOORE, WHO INFORMED E/C COUNS. THAT WHILE HE WAS FULLY AWARE OF UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MONROV 04408 161720Z

PROBLEM, HIS MINISTRY DEALT ONLY WITH LOCAL FIRM CENTURY INC., AGENTS FOR CHEMICAL OIL INDUSTRY. MINISTER NOTED CENTURY WAS PERMITTED TO USE MINISTRY'S TELEX FACILITIES FOR FUEL PROCUREMENT. MINISTER FURTHER NOTED THAT WHILE HE HAD NEVER DEALT WITH AFRICAN OIL, CURRENT EVENTS FORCEFULLY FOCUSED HIS ATTENTION UPON IT. A RECENT AFRICAN OIL SHIPMENT OF 4000 MT JET FUEL CARGO WAS, ACCORDING TO MOORE, CONTAMINATED ON ARRIVAL MONROVIA FREE PORT AND INABILITY TO PROVIDE JET FUEL FOR COMMERCIAL CARRIERS HAS FORCED DELAYS, OVERFLIGHTS, REROUTING, GREAT INCONVENIENCE AND THE REAL PROBLEM OF HOW TO DISPOSE OF UNUSABLE JET FUEL OCCUPYING VALUABLE STORAGE SPACE. BECAUSE OF CONTAMINATION GOL FORCED TO PAY PREMIUM PRICE (\$148.50 PER MT) FOR TEMPORARY STOCKS OF JET FUEL TO MEET EMERGENCY REQUIREMENTS AT AIRPORT. MOORE HOLDS AFRICA OIL RESPONSIBLE FOR CONTAMINATION. SECONDLY, MOORE STATED THAT PRICES ASKED WERE NOT THOSE IN ORIGINAL BID. WHEN E/C COUNS MENTIONED AFRICA OIL MAY RESORT TO LEGAL ACTION, MINISTER REITERATED THAT THEY DEAL ONLY WITH CENTURY, INC. CLAIMS, AND PERHAPS COUNTER-CLAIMS BECAUSE OF CONTAMINATION WOULD BE MADE THROUGH CENTURY, INC.

3. MINISTER LATER INFORMED EMBASSY THAT HE HAD TALKED TO CHEMICAL OIL INDUSTRY REP AND CONVEYED TO HIM THE SUBSTANCE OF PARA 2.

4. ACTION REQUESTED: DEPARTMENT IS REQUESTED TO CONVEY SUBSTANCE OF PARA 2 TO MR. S. HANZEL OF AFRICA OIL (TEL. 212-355-0775) WITH SUGGESTION THAT HE CONTACT LIBERIAN EMBASSY WASHINGTON FOR FURTHER INFORMATION. DEPARTMENT IS ALSO REQUESTED TO APPRISE LIBERIAN EMBASSY OF DEVELOPMENTS.
HORAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MONROV04408
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780252-0573
Format: TEL
From: MONROVIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780650/aaaabrnl.tel
Line Count: 126
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: dbd15087-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2323100
Secure: OPEN
Status: NATIVE
Subject: DISPUTE BETWEEN GOL AND AFRICA OIL CORP. OVER PURCHASE OF REFINED PRODUCTS
TAGS: BDIS, LI
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/dbd15087-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014